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REIT Issuer:

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Notice Concerning New Loans and Prepayment of Loan

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that the board of directors meeting today has resolved as below on new borrowing (hereinafter called the “New Loans”) and prepayment of an existing loan (hereinafter called the “Prepayment”).

1. Rationale of the New Loans and the Prepayment

The New Loans will be allocated to the funds for acquisition of real estate beneficial interest in trust of five “the b” hotels and “Hotel Francs” (hereinafter called the “Beneficial Interest”) and movable assets attached to the five “the b” hotels, and the funds for the Prepayment outlined in “4. Details of the Prepayment” below.

Please see “Notice Concerning Acquisition and Lease of New Assets (Five “the b” Hotels and “Hotel Francs”)” dated today for details of the Beneficial Interest.

(\*) Five “the b” hotels refer to the five hotels “the b akasaka-mitsuke,” “the b ikebukuro,” “the b ochanomizu,” “the b hachioji” and “the b hakata.” The same shall apply hereinafter.

2. Details of the New Loans

Details of New Loan 1

To be allocated to the funds for acquisition of real estate beneficial interest in trust and movable assets of five “the b” hotels, and the funds for the Prepayment

- |                                    |                                                                     |
|------------------------------------|---------------------------------------------------------------------|
| (1) Lender:                        | Financial syndicate arranged by Sumitomo Mitsui Banking Corporation |
| (2) Amount of the new loan:        | JPY14,400M (scheduled)                                              |
| (3) Interest rate:                 | To be determined                                                    |
| (4) Date of borrowing:             | January 30, 2015 (scheduled)                                        |
| (5) Method of borrowing:           | To be determined                                                    |
| (6) Interest payment date:         | To be determined                                                    |
| (7) Method of principal repayment: | To be determined                                                    |

Note: This document is intended to serve as a press release to make available the information on new loans and prepayment of loan of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to read JHR’s prospectus for issuance of new investment units and secondary offering (and its amendments, if any) and make any investment decisions at their own risk and responsibility.

- (8) Maturity date: To be determined  
 (9) Collateral: Unsecured/Unguaranteed  
 (\*) The details yet to be determined will be notified later upon determination.

#### Details of New Loan 2

To be allocated to the funds for acquisition of real estate beneficial interest in trust of “Hotel Francs”

- (1) Lender: Sumitomo Mitsui Banking Corporation  
 (2) Amount of the new loan: JPY1,500M (scheduled)  
 (3) Interest rate: To be determined  
 (4) Date of borrowing: March 31, 2015 (scheduled)  
 (5) Method of borrowing: To be determined  
 (6) Interest payment date: To be determined  
 (7) Method of principal repayment: To be determined  
 (8) Maturity date: To be determined  
 (9) Collateral: Unsecured/Unguaranteed  
 (\*) The details yet to be determined will be notified later upon determination.

### 3. Use of the New Loans (scheduled)

(Unit: JPY1M)

|                                     |        |
|-------------------------------------|--------|
| Funds for acquisition of properties | 11,121 |
| Funds for the Prepayment            | 4,779  |
| Total amount of the New Loans       | 15,900 |

### 4. Details of the Prepayment

- (1) Amount of the Prepayment  
 JPY4,779M  
 (2) Date of the Prepayment (scheduled)  
 January 30, 2015

- (3) Details of individual loans for the Prepayment

(Unit: JPY1M)

|                                   | Facility H                                                              |
|-----------------------------------|-------------------------------------------------------------------------|
| Lender (*)                        | Sumitomo Mitsui Banking Corporation<br>Mizuho Bank, Ltd.                |
| Borrowing date                    | February 15, 2011                                                       |
| Maturity date                     | February 15, 2015                                                       |
| Interest rate                     | Base interest rate (Japanese Yen TIBOR for three months in JBA) + 1.50% |
| Present loan balance              | 4,779                                                                   |
| Amount of the Prepayment          | 4,779                                                                   |
| Loan balance after the Prepayment | —                                                                       |

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## 5. Status of Interest-Bearing Debts Before and After the New Loans and the Prepayment (scheduled)

(Unit: JPY1M (\*4))

| Category                       |                                         | Before New Loan 1<br>and the Prepayment<br>(*1) | After New Loan 2<br>and the Prepayment<br>(*2) | Fluctuation |
|--------------------------------|-----------------------------------------|-------------------------------------------------|------------------------------------------------|-------------|
|                                | Short-term loans                        | 0                                               | 0                                              | 0           |
|                                | Long-term loans payable within one year | 11,824                                          | 16,452                                         | +4,627      |
|                                | Long-term loans (*3)                    | 63,264                                          | 69,645                                         | +6,381      |
| Total loans                    |                                         | 75,089                                          | 86,098                                         | +11,008     |
| Investment corporation bonds   |                                         | 6,000                                           | 6,000                                          | 0           |
| Total interest-bearing debts   |                                         | 81,089                                          | 92,098                                         | +11,008     |
| LTV (based on appraisal value) |                                         | 43.1%                                           | 43.4%                                          | +0.3%       |

(\*1) LTV (based on appraisal value) before the New Loans and the Prepayment is obtained by the calculation in accordance with the following formula.

Balance of interest-bearing debts at the end of December 2014 / (Total appraisal value at the end of June 2014 + Appraisal value of ibis Styles Sapporo (formerly Best Western Hotel Sapporo Nakajima Koen) acquired on July 9, 2014 and Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha acquired on September 30, 2014)

(\*2) LTV (based on appraisal value) after the New Loans and the Prepayment is obtained by the calculation in accordance with the following formula.

Balance of interest-bearing debts at the end of March 2015 (scheduled) / (Total appraisal value at the end of June 2014 + Appraisal value of ibis Styles Sapporo (formerly Best Western Hotel Sapporo Nakajima Koen) acquired on July 9, 2014 and Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha acquired on September 30, 2014 + Appraisal value of the Beneficial Interest at the time of acquisition)

(\*3) The New Loans are included in the Long-term loans.

(\*4) Amounts are rounded down to the nearest JPY1M.

## 6. Other

With respect to the New Loans and the Prepayment, no important change is required for the “Investment Risk” in the Securities Report for the 14th period submitted on March 20, 2014 and mid-period Securities Report for the 15th period submitted on September 19, 2014.

\* Website of Japan Hotel REIT Investment Corporation: <http://www.jhrth.co.jp/>

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